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C O N F I D E N T I A L SECTION 01 OF 04 BEIJING 005706

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TAGS: PGOV CH

SUBJECT: PARTY CONGRESS TO OPEN OCTOBER 15; PERSONNEL
RUMORS ABOUND

REF: A. FBIS/OSC CPP20070828004002

- 1B. FBIS/OSC CPP20070828163002
- 1C. SHANGHAI 549 AND PREVIOUS
- 1D. BEIJING 5139
- 1E. BEIJING 4420
- 1F. BEIJING 2711
- 1G. BEIJING 2190

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b) and (d).

Summary

11. (C) The 17th National Congress of the Communist Party of China (CPC), which will determine China's new Party leadership lineup and policy direction for the next five years, will open October 15 in Beijing, official media announced August 28. No ed date for the Congress was given, though the event is likely to last about one week. In advance of the Congress's opening, personnel rumors abound in Beijing, with the vast majority of contacts arguing that the "core" of the current Party leadership, namely Hu Jintao, Wen Jiabao and Zeng Qinghong, will remain, with most believing that Wu Bangguo will stay as well. While there has been an uptick in rumors indicating that a "fifth generation" representative, most likely Li Keqiang, will make it onto the Politburo Standing Committee (PBSC), other contacts continue to argue that it is still "too early" for Li, with one source claiming Li's shot will come in 2012, when "real elections" within the Party for the PBSC will be held. Although Hu Jintao should emerge from the Congress stronger than before, he is still merely first among equals but quite skillful at balancing among various interest groups. Hu's real prerogative as Party General Secretary, one well-connected source said, is his ability to intervene at the last minute and act as "tie breaker" on controversial personnel appointments. For that reason, this contact cautioned, "nothing" will be decided for certain on personnel until the very end, and no one at this point knows exactly how things will turn out -- not even Hu Jintao. End Summary.

Party Congress Dates Announced

12. (U) The 17th National Congress of the Communist Party of China (CPC) will open October 15 in Beijing, official Chinese media announced the evening of August 28 (refs A and B). No end date for the Congress was given. This event, held once every five years, will determine China's new Party leadership lineup and policy direction through 2012. The same announcement said the Seventh and final plenary session (Plenum) of the 16th CPC Central Committee will open on October 9. These decisions were reportedly made at a Politburo meeting chaired by General Secretary Hu Jintao on August 28. (Note: The Politburo reportedly "decided" that

the Seventh Plenum will begin on October 9 but will only "propose" to the Plenum that the 17th Party Congress open on October 15. This is merely a formality; the Seventh Plenum will officially approve the opening of the Congress as instructed by the Politburo.)

¶3. (C) The content of the Political Report that Hu will present to the Congress for approval, as previewed in Hu Jintao's speech of June 25 (ref E), was again alluded to in Xinhua's August 28 article and in an August 29 People's Daily editorial, which said the Congress will continue to promote reform and opening and adhere to "socialism with Chinese characteristics," "Deng Xiaoping Theory" and (Jiang Zemin's) "Three Represents," while also carrying out the "scientific concept of development" and creation of a "harmonious society," concepts closely identified with Hu Jintao. In a sign that anti-corruption measures will also likely receive prominent attention, Xinhua emphasized that the August 28 Politburo meeting also examined the draft work report that the Central Discipline Inspection Commission (CDIC) will submit to the Congress.

The Likely Schedule of Events

¶4. (C) Assuming that this Congress follows roughly the same schedule as the 16th Party Congress in 2002, the Seventh and final Plenum of the 198-member 16th CPC Central Committee will open on October 9 and meet for approximately three to four days to discuss and approve final preparations for the Party Congress, including officially authorizing the Congress opening. (In 2002, the Seventh Plenum of the CPC 15th Central Committee met for three days, from November 3-5.) On October 15, some 2,217 delegates will gather for the opening of the 17th Party Congress, which will last for about one

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week, during which time it will "elect" approximately 200 members to a new Central Committee and "approve" a Political Report to be delivered by Hu Jintao that will outline the policy and ideological direction of the country over the next five years. The Congress should also "elect" approximately 120 new members to the CDIC. (In 2002, the 16th Party Congress opened on November 8 and closed on November 14.) The day immediately after the Congress closes, the newly elected Central Committee will hold its First Plenum to select and announce the Party General Secretary as well as new members of the Politburo and Politburo Standing Committee, CPC Central Military Commission and Party Secretariat. (In 2002, the First Plenum of the 16th CPC

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Central Committee was held November 15.)

Personnel Rumors Abound: Some "Old Blood" to Remain

¶5. (C) As the behind-the-scenes jockeying for positions at the top of the Party intensifies, a range of personnel rumors abound. Nevertheless, in a series of conversations over the past several weeks, the vast majority of well-connected Embassy contacts have argued that the "core" of the current Party leadership on the Politburo Standing Committee (PBSC), namely General Secretary and President Hu Jintao, Premier Wen Jiabao and Vice President Zeng Qinghong will remain, with most believing that NPC Chairman Wu Bangguo will also retain his slot on the PBSC. For example, in separate recent conversations, the following longtime Embassy contacts all argued strongly that Hu, Wen, Zeng and Wu Bangguo will remain following the Party Congress (strictly protect all): Professor Liu Dexi of the Central Party School; Liu Yawei of the Carter Center, whose brother is a senior PLA officer; Ma Licheng, former senior editorial writer at the People's Daily; Li Fan, Director of the World and China Institute; and Gao Bo, a local official in the Henan Prefectural Government's Agricultural Office who has close ties to

Central Party School officials.

¶16. (C) Meanwhile, two other well-connected and reliable contacts also argued that the core of the current leadership will remain, but they included only Hu, Wen and Zeng among this group. Former Xinhua Senior Editor and Director General of Foreign Affairs Yu Jiafu (strictly protect) said Hu Jintao will of course stay, with Wen and Zeng "likely" to stay as well, assuming that they want to. Cao Huayin (strictly protect), Deputy Director General of Zheng Bijian's China Reform Forum, also thought Hu, Wen and Zeng would stay, though Cao said he is still hearing "rumors" that Wen might want to retire. Both Yu and Cao said that they "did not know" what other current PBSC members, if any, might remain beyond the 17th Party Congress.

¶17. (C) A small number of other contacts had opinions that differed significantly from the majority of sources above. Professor Mao Shoulong (strictly protect) of Renmin University, who said he had attended a Zhongnanhai leadership compound meeting earlier this year on political reform and improved governance, told Poloff that he was hearing change would be greater at the top than most expected, with everyone's position outside of Hu Jintao and Wen Jiabao's "up for grabs." At the other end of the spectrum, Li Fan said his sources were telling him that people may be surprised by how little things will change at the top: in addition to Hu, Wen, Zeng and Wu Bangguo, Li thought even Jiang Zemin ally and Chairman of the Chinese People's Consultative Conference Jia Qinglin, as well as the elderly Secretary of the CDIC Wu Guanzheng, "still have a shot" at retaining seats on the PBSC. Ma Licheng also said he "could not rule out" Jia Qinglin's retaining his position, given Jiang Zemin's residual influence.

"New Blood" to Enter PBSC

¶18. (C) Regarding the "new blood" that might enter the PBSC, Poloff has detected a noticeable uptick in contacts who hear that a "fifth generation" representative, most likely Hu Jintao protege and Liaoning Party Secretary Li Keqiang, will be elevated to the PBSC in October. Professor Liu Dexi said that the "latest rumor" at the Central Party School is that the PBSC will shrink to seven, meaning three new members will join Hu, Wen, Zeng and Wu Bangguo at the top. Most believe those newcomers will include Li Keqiang and Guangdong Party Secretary and Politburo member Zhang Dejiang. Liu also said

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"it is possible" that Li Keqiang could be designated as Hu Jintao's heir apparent. Gao Bo, who also had heard the PBSC will shrink to seven, said "it is highly likely" that Li Keqiang will be elevated to the top body. Contenders for what he saw as the other two slots included Hubei Party Secretary and Politburo member Yu Zhengsheng and NPC Vice

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Chairman and Politburo member Wang Zhaoguo, both of whom reportedly are ahead of "other possibilities" such as Minister of Public Security and Politburo Member Zhou Yongkang, CPC Organization Department Director and Politburo member He Guoqiang and CPC Propaganda Department Director and Politburo member Liu Yunshan. (Note: Chinese-American Professor Yi Xiaoxiong (strictly protect) of Marietta College, who has close ties to Liu Yunshan because his son studied at Marietta, also said he has heard that Liu is "being considered" for the PBSC.) Professor Mao Shoulong, on the other hand, argued passionately that "at least two, if not more" fifth generation representatives will make it to the PBSC, commenting that both Li Keqiang and Jiangsu Party Secretary Li Yuanchao are rumored to "have an excellent shot"

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at making the top body. Yu Jiafu separately told Poloff that, while Li Keqiang very well may make it, that decision is "still not certain."

¶19. (C) Despite the uptick in those who see Li Keqiang rising to the top, a number of other well-placed contacts continue to argue that it is "too early" for Li or anyone else from the fifth generation to make it to the PBSC, instead arguing that a number of "young" leaders will be promoted to the larger Politburo, where they will compete "equally" over the next five years for possible elevation to the Standing Committee in 2012. (Note: Such comments track closely with the views of contacts earlier this year, per refs F and G.) Cao Huayin, for example, repeatedly emphasized to Poloff that there is too much opposition within the Party to bringing the "inexperienced" fifth generation leaders onto the PBSC now. Instead, the Party is reportedly considering reforms involving a "real election" of members to the PBSC in 2012, with anyone on the Central Committee being eligible to "run," which would be Li Keqiang's ticket to the top in 2012. (NOTE: Cao's comment tracks loosely with a statement by Professor Mao Shoulong, who told Poloff that fifth generation leaders like Li Keqiang are interested in using "democratic" means to enhance their authority, particularly vis-a-vis the military, which reportedly has little respect for fifth generation leaders, none of whom have significant military experience.)

¶110. (C) The Carter Center's Liu Yawei and Li Fan also separately argued that it is premature to bring a fifth generation leader to the top now, and that competition among that generation's leading contenders -- Li Keqiang, Li Yuanchao, Shanghai Party Secretary Xi Jinping and Commerce Secretary Bo Xilai -- is "too tight" to justify elevating

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just one now. Instead, Liu Yawei said, he was hearing leading candidates for PBSC openings included Liu Yunshan, Zhou Yongkang and He Guoqiang. Yu Jiafu, who as mentioned above said it is "possible" that Li Keqiang could make it to the PBSC, nevertheless also referred to "opposition" to Li on the grounds that it would be "too hasty" to elevate young leaders who are not even on the Politburo all the way up to the PBSC without first having them go through the "required intermediary steps."

Hu vs. Who? Negotiation Among "Mountaintops"

¶111. (C) Although Hu Jintao should emerge from the Congress stronger than before, he is still merely first among equals and must negotiate with others over personnel and other decisions. Nonetheless, he is quite skillful at balancing among various interest groups, contacts have told Poloff. Yu Jiafu said that personnel lists will continue to be prepared and discussed right up to the Congress, including at Beidaihe (refs C and D). Senior leaders like Hu will intervene at various stages of the process to negotiate over appointments.

There are various "groupings" within the Party, called "mountaintops (shantou)," all of which are jockeying for slots, Yu explained. The "mountaintops" break down according to interests associated with policy, geography, patron-client relationships and economic/business considerations. The specific breakdown, Yu averred, is "extremely complex."

¶112. (C) Professor Liu Dexi had a similar view, asserting that elite politics in the CPC has grown increasingly diverse and complex since Mao's passing. While Mao enjoyed "one-man" rule, Deng Xiaoping had to compete with Chen Yun. Things grew more complicated under Jiang Zemin, who had to deal with other senior Party stalwarts such as Qiao Shi, Li Ruihuan and Li Peng. Today, Liu argued, Hu Jintao faces an "even more complex" playing field. While still having to face some of the elders from Jiang's time -- including, of course, Jiang himself -- Hu also has to deal with a number of new "groupings." When asked by Poloff to comment on Hu Jintao's strength, Cao Huayin remarked that Hu is "not particularly strong," but he is "exceptionally skilled" at negotiating

among these various interest groups. It is this skill that

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gives Hu power and allows him to operate effectively, Cao commented.

"Nothing Has Been Decided"

¶13. (C) Yu Jiafu commented extensively to Poloff on his understanding of the high-level personnel selection process. Part of Hu Jintao's influence lies in his prerogative as General Secretary to intervene at the last minute to cast the equivalent of the "tie breaking vote" on controversial personnel appointments, Yu claimed. "Nothing" has been decided finally on positions for the PBSC, and no one at this point knows precisely how this will turn out, even Hu Jintao, though he obviously has his own preferences. Pronouncements to the contrary are merely "speculation." There will be a fair amount of "new blood" on the PBSC, and there will be a few "surprises," but nothing is certain right now beyond Hu Jintao's remaining on the PBSC, Yu claimed.

¶14. (C) Opinion within the Party on various candidates does matter, Yu said. If "90 percent" of the Party opposes a particular candidate, that will make it difficult for that person to get a top post, even if supported by a senior Party leader, Yu stated, putting United Front Work Department Head Liu Yandong, reportedly a favorite of Hu's, in this category.

A split in opinion on a candidate presents Hu Jintao with an opportunity to be the "tie breaker" and make the final decision. Age will not play a major factor in personnel decisions, except for those over 70. That means PBSC Member and Secretary of the Central Commission of Political Science and Law Luo Gan is the only one who must step down this time, but there will be no "67/68" rule like in 2002. Instead, purely political considerations will rule the day, Yu stated.

If necessary, "rules" to "justify" the decisions will be made up after the fact.

¶15. (C) Even the size of the PBSC will not be decided in advance, Yu asserted. Yu said he believes Hu has long wanted to shrink the PBSC down to seven, but that decision will depend on how the personnel situation shakes out. If, when Hu intervenes in the final personnel decisions, he discovers several candidates remaining who he doesn't like, he may push to reduce size of the PBSC as a means of forcing them out. Alternatively, he may try to leave the PBSC at nine members if that is the only way to elevate his favorites. Again, the political considerations of each appointment will drive the train. The key, Yu claimed, is that jockeying will go on until the last minute, and "nothing is final" until we see the new leadership lineup appear at the First Plenum of the new Central Committee immediately following the Party Congress.

Comment

¶16. (C) This Party Congress is the most highly anticipated political event in China since the 16th Party Congress of 2002, at which Jiang Zemin relinquished his General Secretary position to Hu Jintao (though Jiang only gave up his slot as Chairman of the CPC Central Military Commission in 2004). Hu Jintao will be presiding over his first Party Congress as General Secretary, which presents him with an opportunity to consolidate his power and leave his stamp on Party policy. While Hu is almost certain to emerge from the Congress in a stronger position than before, the precise outcomes, particularly in terms of personnel, remain to be seen.

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